

**SPECIAL MEETING  
BOARD OF MAYOR AND ALDERMEN  
(MAYOR’S FY2008 BUDGET PRESENTATION)**

**March 29, 2007**

**7:00 PM  
Aldermanic Chambers  
City Hall (3<sup>rd</sup> Floor)**

Mayor Guinta called the meeting to order.

Mayor Guinta called for the Pledge of Allegiance; this function led by Alderman Duval.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas, Long, Duval, Osborne, Pinard, O’Neil,  
Lopez, Shea, DeVries, Garrity, Smith, Forest

Absent: Alderman Thibault

Mayor Guinta presented his budget message pursuant to Section 6.03 of the City Charter.

The presentation shall include the FY2008 General Fund, Community Improvement, and all special appropriations as follows:

“My Fellow Citizens,

This evening I release to this Board of Aldermen and to the people of Manchester the culmination of several months of work, the Fiscal Year 2008 Budget. This is the second budget that I have crafted during my tenure as mayor and like the first, it proved to be challenging. It comes as no surprise to this Board or to the general public that the four main goals reflected in this budget are tax cuts, public safety, education, and good government. These are the very things that I have been emphasizing as mayor and which I will continue to emphasize well into the future. However, fulfilling the promise of these goals has not been easy, and I personally have had to make some very difficult decisions in order to present to the people of Manchester a fair budget, which adequately addresses their needs. When I began this budget process last November, I knew that the increase in tax revenue would amount to approximately \$4.8 million in extra spending capacity. This is not a terribly large amount of money when considering the many priorities we have as a city. After funding Police, Fire and Schools, there is not a tremendous amount of money left for other agencies. Faced with these facts, I instructed each department to submit to me three hypothetical budgets – one budget equivalent to 97% of the Fiscal Year 2007

budget, another at 100% and a third at 102%. These instructions sent a clear message to our departments that the budget process would be extremely lean this year. I am happy to report that almost all departments complied not only with this request, but also replied in a professional manner. Tonight I propose a city budget that greatly increases the amount of money we spend on public safety, adequately funds the education of our children, provides the same city services that our citizens have come to expect, and above all, provides property tax relief to the people of Manchester. The budget that is being submitted to the Board of Aldermen represents a tax cut of – 0.53% and does not include any hidden fees for service. As mayor I continue to hear the concerns of people living throughout the city. They have asked for tax relief and I have assented again to their wishes. I arrived at this tax cut by restraining government spending and can only be maintained through the fiscal discipline of elected officials. In compliance with the City Charter, Section 6.03, paragraph C, the following points summarize the policies, expenditures and revenues contained within the proposed budget. Public Safety: I have worked extensively with both the Police and Fire Chiefs, and have provided budgets to each department that both Chief Jaskolka and Chief Kane will say are fair and meet the needs of public safety in Manchester. The Police budget that I am recommending allocates \$24,600,000 in Fiscal Year 2008, a \$1.8 million addition to the previous budget and represents an 8% increase. This budget allows the Police Department to increase its complement from 215 officers to 220 sworn officers in the next fiscal year, fulfilling my promise to increase the Police force to 225 officers by Fiscal Year 2009. With these additional officers as well as those added to the force in the previous budget, we will be able to restore the sense of peace and safety our citizens deserve. The Fire budget that I am recommending increases funding by \$871,000 over Fiscal Year 2007, representing a 3.8% bump in Fire spending. This proposal provides for a full complement of fire fighters and maintains current services. Education: Several weeks ago, I received a request from the School District for \$150.6 million for Fiscal Year 2008, an increase of \$5.1 million. This request included line item details for which I am truly thankful. Working with various staff including our new Finance Officer, I am proposing a School budget of \$147,250,000 for Fiscal Year 2008, a \$1,750,000 increase over the appropriated budget. I believe that this bottom line budget is a fair budget and is justifiable based upon a declining student population, a decrease in the need for new teachers, and the fact that the District's own accounting shows that the Fiscal Year 2007 budget was in excess of the District's needs. A more accurate starting point would have been the budget I proposed in Fiscal Year 2007. That budget would have saved taxpayers \$2.5 million and would have provided the same education the District currently provides. As we begin the debate on education funding, I highly recommend that the Board consider these above factors before adding any additional funding to education. Capital Spending: As many people are aware, we as a city decided last fiscal year to curtail capital spending. This was done for many reasons although primarily because our spending was becoming excessive. Among other things, we as a Board of Mayor

& Aldermen continued the practice of bonding once every two years. Therefore, I am proposing no new bonding as part of my budget although debt service and interest on maturing debt are increased due to bonding during previous budgets. I am allocating \$1,618,429 for CIP cash in my budget. This does represent a 15% reduction in capital spending but does continue to provide for many important services. Of note I want to point out that I have moved the funding of various art projects (including the Palace Theater) from CIP Cash to the Verizon Art Fund. This budget also funds important community and public safety projects like the Weed & Seed program and the WYR project. Finally, I have a message for Alderman Shea and the teachers and students of Hallsville School – Deal. I have included funding in this budget as part of my plan to fix the Hallsville School roof. Motorized Equipment: I have funded the MER \$1.3 million in my budget. This includes among other things 10 new police cruisers, \$250,000 for improved technology, and the replacement of a fire pumper truck. All these are priorities that we as a city cannot do without. Parks & Recreation Enterprise: After discussions with our Parks Director, I was dismayed to learn that the Enterprise was projecting a \$1.2 million deficit for Fiscal Year 2008 and a total fund deficit of over \$5 million. This must be turned around today if we as a city are to continue to provide recreational services. Therefore, I have adjusted the Recreation Enterprise budget by reducing spending to below Fiscal Year 2006 expenditures. Tighter management of that budget and a reduction in overstaffing will eliminate this year's deficit and begin the process of bringing the Recreation Enterprise into the black. It is important to note that this budget does not increase recreation user fees to balance the budget. Methodologies: This budget includes certain assumptions that the Board of Aldermen and the public should be aware of. First, I have included an additional 4% cut in salaries for all non-Public Safety Departments. This proposal is modeled after the policy adopted last year whereby the city reduced department salaries by 3%. The expected result now as then is that through attrition (and not layoffs), we can save taxpayers millions of dollars without affecting services. The same plan that I proposed last year is expected to return a healthy fund balance for Fiscal Year 2007. I fully expect that through good management of the city budget, we can again achieve considerable savings. Second, I have reduced overtime spending throughout city department budgets by 15%. I have done this because I believe that as a city, we are spending far too much of the taxpayers' dollars on overtime (\$2.7 million dollars in Fiscal year 2007 alone.) Along the line of my policy to reduce the salary budget that has been proven in practice, I am proposing that the city govern overtime as a whole. Therefore, I am directing the Finance Officer and the Human Resources Director to develop a policy for this Board that will regulate overtime spending and will reduce expenditures by at least 15%. Third, this budget includes mandatory increases in benefits such as 4.5% for health insurance, 2.5% increase for dental insurance, 20% increase for city retirement, and 38.9% increase for state retirement. Furthermore, departmental salaries include step-increases and I have included some money in salary adjustment for COLA's. I am confident that this

budget provides adequate compensation for our city employees. Fourth, this budget uses figures provided by the City Assessors. It includes \$1.6 million for the overlay account and \$1.619 million for veterans' exemptions. It also assumes that total city valuation will increase by a modest \$35 million. Although I have disagreed with the Assessors in the past, I now believe that moving the city from an accrual method to a cash method makes the most fiscal sense. Fifth, this budget also solves the dispute between the city and its retirement system by reverting back to a lump-sum payment. According to our staff, this not only eliminates the so-called deficit, but also gives the city a one-time benefit since payment would be made over two fiscal years.

Policy Considerations: As part of this budget, I am proposing that the city consider several new policies which might ultimately benefit taxpayers. I will be forwarding each of these to the appropriate aldermanic committee for review and consideration. I want to stress that I am recommending consideration only – ultimately we as a city may decide that one or all of these may not ultimately benefit the taxpayer.

The first policy item is the City should consider receiving a payment-in-lieu of taxes from the Water Department and the EPD. Currently the city receives free water and sewer from these agencies. Our internal auditor thinks that by changing to a payment-in-lieu of taxes, the average homeowner will benefit from a reduction in taxes compared to the potential increase in fees. The Lands & Buildings Committee should carefully review this policy and work with city staff to determine if such a step is both prudent and legal.

Second, the City should consider establishing a storm water enterprise fund. Such an enterprise has the potential to dedicate significant funds to improving our storm drain infrastructure, helping to eliminate a problem that affects houses throughout the city. Furthermore, such a fund could potentially benefit the taxpayer who again would see a greater reduction in property taxes. I am forwarding this proposal to the Community Improvement Committee for its review. Like many of you, I want to make sure that the cost benefit truly exists for the average taxpayer and I will not support this program unless the people of the city think that it makes sense for them.

Item 3, with the continued increase in rooms & meals money that the city receives, we are expected to begin seeing a significant surplus in money available even after we pay the debt service for the Verizon Wireless Arena bonds. I believe it is in the best interest of taxpayers to consider today how we invest in our city's future. I am therefore proposing that all future excess funds be committed to an Infrastructure Improvement Plan to fix our streets and sidewalks. Such a fund would reduce the need to commit property tax funds to repair and reconstruct our streets. This saves taxpayers money while increasing the annual investment we make to maintain and improve our infrastructure. This I think is a better way to provide services for our residents. I am forwarding this proposal to the Community Improvement Committee for its consideration as well.

Policy Item 4, my office is currently working with several departments as well as the VISTA program to develop procedures to help move our city departments and agencies towards performance based budgeting. This process will include establishing baseline standards for each department and will take

several months to develop. At a future date, I will be presenting this plan and the performance measures for each department to the Committee on Administration. I believe that by moving to performance based budgeting, we as a city can provide more efficient services to the taxpayer, provide performance incentives for each department, and save additional property tax dollars. This concludes the introduction of my Fiscal Year 2008 budget. In the coming days, I will provide the Board with a line-item budget for its convenience. I will also be working with Finance Vice-Chairman Gatsas to come up with a schedule for the budget process. I thank you for your consideration of these proposals.

The budget materials were distributed.

Alderman Pinard moved to adjourn. Alderman Roy duly seconded the motion. There being none opposed the motion carried.

A True Record. Attest

City Clerk